

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2575 - SB 2566

February 10, 2016

SUMMARY OF BILL: Requires handgun permit applicants to successfully complete a Department of Safety (DOS) approved handgun safety course within one year of the date of application for a standard handgun carry permit (SHGCP). Changes, from four to eight years, the length of time for which a SHGCP is valid. Requires DOS to conduct a name-based criminal history record check every four years or upon receipt of an application. Requires a SHGCP to display issuance and expiration date.

Authorizes a SHGCP holder that has allowed their permit to expire, to pay a renewal fee rather than being considered a new applicant. Decreases, from \$115 to \$100, the application and processing fee for a SHGCP. Increases, from six months to eight years, the period after expiration of a permit that an additional safety course is not required. Increases, from six months to eight years, the period after discharge that a member of the United States armed forces can renew a permit without being considered a new applicant. States that the provisions of the bill shall take effect on or before January 1, 2017.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$810,300/Handgun Permit Division/Each Year FY16-17 through FY20-21
\$4,226,400/Handgun Permit Division/Each Year FY21-22 through FY23-24
\$810,300/Handgun Permit Division/FY24-25 and Each Subsequent Year

Decrease State Expenditures –

\$152,400/Handgun Permit Division/FY21-22 and Each Subsequent Year

The Governor's Recommended Budget Document for FY16-17, on page A-40, recognizes a recurring decrease in revenue of \$810,300.

Assumptions:

- Based on information provided by the Department of Safety (DOS), most standard handgun carry permits (SHGCP) are currently on a four year renewal cycle. The cost of an initial SHGCP is \$115. The cost of a renewal SHGCP is \$50.

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- Under the provisions of the bill, the new cost for an initial SHGCP will be \$100 and will be valid for eight years. The cost for a renewal SHGCP will be \$50, and will be valid for eight years.
- An estimated 54,019 initial SHGCP's will be issued each year. An estimated 68,322 renewal SHGCP's will be issued each year.
- The recurring decrease in the Handgun Permit Division revenue is estimated to be \$810,285 [54,019 initial SHGCP's issued x (\$115 current price - \$100 proposed price)] which shall remain constant through the first four year renewal cycle which will end in FY20-21.
- Beginning in FY21-22, the Handgun Carry Permit Division will experience a greater decrease in revenue due to the effect of the eight year renewal structure. In FY21-22 through FY23-24, none of the projected initial SHGCPs purchasers or renewals from FY16-17 through FY20-21 will need to renew their permits.
- The decrease in state revenue in FY21-22 through FY23-24 from renewals is estimated to be \$3,416,100 (68,322 renewals x \$50 renewal fee).
- The total decrease in state revenue for the Handgun Permit Division in FY21-22 through FY23-24 is estimated to be \$4,226,385 (\$810,285 + \$3,416,100).
- In FY24-25 and subsequent years, the new eight year renewal cycle is projected to begin to normalize, resulting in a more consistent revenue cycle. Due to the change in the initial fee, the recurring decrease in state revenues for FY24-25 and subsequent years is estimated to exceed \$810,285 [54,019 initial SHGCP's issued x (\$115 current price - \$100 proposed price)].
- The current vendor charges \$2.23 per card issued. The recurring decrease in state expenses beginning in FY21-22 is estimated to be \$152,358 (\$2.23 card price x 68,322 renewals).
- A name-based criminal history record check is executed by DOS at no cost.
- DOS projects an earlier than January 1, 2017 effective date pursuant to the provisions of the bill. For purposes of the fiscal note, it is assumed the provisions of the bill will become effective July 1, 2016.
- The Governor's Recommended Budget Document for FY16-17, on page A-40, includes a recurring decrease in revenue of \$810,300.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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